

FUND 400 SEWER REVENUE

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2002 Advertised Budget Plan, as approved by the Board of Supervisors on April 30, 2001:

- An increase of \$3,075,044 in Fund 407, Sewer Bond Subordinate Debt Service to meet four quarterly debt payments of \$768,761 in FY 2002 for the \$40 million loan repayment from the Virginia Resources Authority (VRA). This increase is offset by a corresponding increase in the Transfer In from Fund 400, Sewer Revenue.

The following funding adjustments reflect all approved changes to the FY 2001 Revised Budget Plan from January 1, 2001 through April 23, 2001. Included are all adjustments made as part of the FY 2001 Third Quarter Review:

- Transfers Out are decreased by \$5,558,164 primarily due to a decreased transfer of \$5,766,683 to Fund 408, Sewer Bond Construction, resulting from the reimbursement of \$1,900,000 for nitrification charges from the State Water Quality Improvement Fund and higher than anticipated interest revenue of \$3,866,683. In addition, an increased transfer of \$768,761 to Fund 407, Sewer Bond Subordinate Debt Service for the first quarterly installment of a \$40 million loan repayment to the Virginia Resource Authority (VRA) Revolving Loan Program. Finally, a decrease of \$560,242 to Fund 401, Sewer Operation and Maintenance is based on the agency's participation in the CMI savings program.
- An increase of \$40,000,000 in revenues reflects the anticipated receipt of loan proceeds from the VRA Loan Program as noted above.

County Executive Proposed FY 2002 Advertised Budget Plan

Purpose

All operating revenues of the Wastewater Management Program are credited to this fund except those included in Fund 401, Sewer Operation and Maintenance. In addition, interest on investments from fund balances, except the interest earned from the balances of Fund 406, Sewer Bond Debt Reserve and Fund 408, Sewer Bond Construction, is credited to this fund. Major categories of operating revenues include the following: Sales of Service, Availability Charges, and Sewer Service Charges. Sales of Service are those revenues received from other jurisdictions for the County's treatment of their wastewater. Availability Charges are fees charged to new customers for initial access to the system. Sewer Service Charges are revenues received from existing customers and used to fully recover program operation and maintenance costs, debt service payments, and capital project funding primarily attributable to improving wastewater treatment effluent standards as mandated by State and Federal agencies. The total receipts from all revenue sources are used to finance Operation and Maintenance (Fund 401), Debt Service (Funds 403, Sewer Bond Parity Debt Service and 407, Sewer Bond Subordinate Debt Service), and Construction Projects (Funds 402, Sewer Construction Improvements and 408, Sewer Bond Construction) associated with the Wastewater Management Program. Any balance remains in Fund 400, Sewer Revenue, for future year requirements.

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The Program's Availability Fee and Sewer Service Charge are based on staff analysis and consultant recommendations, and are included in the Forecasted Financial Statement for July 1, 2000 through June 30, 2005. The Board of Supervisors approved these rates subsequent to the publication of Volume 2, Capital Construction and Other Operating Funds of the FY 2002 Advertised Budget Plan.

Current Availability Fee rates:

In FY 2002, Availability Fees will increase from \$4,898 to \$5,069 for single-family homes based on current projections of capital requirements. The Availability Fee rate for all types of units are adjusted based on continued increases in expenses associated with treatment plant upgrades and interjurisdictional payments that result from population growth, more stringent treatment requirements, and inflation. The following table displays the resulting increase by category.

Category	FY 2001 Availability Fee	FY 2002 Availability Fee
Single Family	\$4,898	\$5,069
Townhouses and Apartments	\$3,919	\$4,056
Hotels/Motels	\$1,224	\$1,267
Nonresidential	\$253/fixture unit	\$262/fixture unit

Current Sewer Service Charge:

The Sewer Service Charge rate will increase from \$2.81 to \$2.88 per 1,000 gallons of water consumption in FY 2002. Based on this rate increase, the additional annual cost to the typical household is anticipated to be \$5.32. Sewer Service Charges are adjusted based on projected capital requirements associated with the renovation and rehabilitation of existing treatment facilities.

Category	FY 2001 Sewer Service Charge	FY 2002 Sewer Service Charge
Per 1,000 gallons water consumed	\$2.81	\$2.88

The FY 2002 Sewer Service Charge and Availability Fee are based on increased costs associated with capital project construction, system operation and maintenance, debt service, and upgrades to effectively reduce nitrogen discharge from wastewater treatment plants in order to meet new, more stringent nitrogen discharge limitations. The program will also utilize sewer fund balances to partially offset these higher costs. These rate increases are consistent with the recommendations of the Department of Public Works and Environmental Services and the analysis included in the Forecasted Financial Statement for July 1, 2000 through June 30, 2005.

Availability Fees and Sewer Service Charges from FY 1998 through FY 2005:

Fiscal Year	Availability Fee	Sewer Service Charge Per 1,000 gallons water used
1998	\$4,621	\$2.60
1999	\$4,621	\$2.70
2000	\$4,621	\$2.70
2001	\$4,898	\$2.81
2002	\$5,069	\$2.88
2003	\$5,247	\$2.95
2004	\$5,431	\$3.03
2005	\$5,621	\$3.20

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Funding Adjustments

The following funding adjustments reflect all approved changes to the FY 2001 Revised Budget Plan since passage of the FY 2001 Adopted Budget Plan. Included are all adjustments made as part of the FY 2000 Carryover Review and all other approved changes through December 31, 2000:

- ◆ As part of the FY 2000 Carryover Review, Transfers Out were increased by \$23,597,700 due primarily to an increase of \$37,539,308 to Fund 402, Sewer Construction Improvements, for increased construction costs for the treatment expansion of Alexandria Sanitation Authority (ASA). This increase is offset by a savings of \$13,941,608 primarily due to a decreased transfer of \$8,072,188 in Fund 401, Sewer Operation and Maintenance, as a result of lower than anticipated wastewater flow for Treatment by Contract in FY 2000; a decrease of \$72,255 in Fund 403, Sewer Bond Parity Debt Service Fund based on lower than anticipated interest payments and fiscal agent fees; \$246,600 in Fund 407, Sewer Bond Subordinate Debt Service Fund due to lower than anticipated bond interest payments for the Upper Occoquan Sewage Authority (UOSA) sewage treatment expansion; and \$5,550,565 in Fund 408, Sewer Bond Construction due to an increase in available revenue to offset FY 2001 expenditures.

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FUND STATEMENT

Fund Type G40, Enterprise Funds

Fund 400, Sewer Revenue

	FY 2000 Actual	FY 2001 Adopted Budget Plan	FY 2001 Revised Budget Plan	FY 2002 Advertised Budget Plan	FY 2002 Adopted Budget Plan
Beginning Balance	\$174,604,342	\$147,147,130	\$153,315,880	\$117,646,177	\$163,204,341
Revenue:					
Lateral Spur Fees	\$22,200	\$20,000	\$20,000	\$20,000	\$20,000
Sales of Service	5,277,094	6,965,000	6,965,000	7,585,000	7,585,000
Availability Charges	35,048,918	29,388,000	29,388,000	27,518,000	27,518,000
Connection Charges	83,878	60,000	60,000	60,000	60,000
Sewer Service Charges	64,383,741	69,006,000	69,006,000	70,367,000	70,367,000
Delinquent Charges	36,283	30,000	30,000	30,000	30,000
Miscellaneous Revenue	73,405	0	0	0	0
State Revolving Loan	0	0	40,000,000	0	0
Interest on Investments ¹	11,850,947	12,200,000	12,200,000	11,642,000	11,642,000
Total Revenue	\$116,776,466	\$117,669,000	\$157,669,000	\$117,222,000	\$117,222,000
Total Available	\$291,380,808	\$264,816,130	\$310,984,880	\$234,868,177	\$280,426,341
Transfers Out:					
Sewer Operation and Maintenance (Fund 401)	\$51,544,537	\$60,644,595	\$52,012,165	\$61,136,022	\$61,136,022
Sewer Construction Improvements (Fund 402)	58,775,000	17,578,184	55,117,492	53,902,809	53,902,809
Sewer Bond Parity Debt Service (Fund 403)	14,198,472	13,579,970	13,507,715	13,279,128	13,279,128
Sewer Bond Subordinate Debt Service (Fund 407)	13,546,919	15,238,254	15,760,415	15,239,170	18,314,214
Sewer Bond Construction (Fund 408)	0	22,700,000	11,382,752	4,828,945	4,828,945
Total Transfers Out	\$138,064,928	\$129,741,003	\$147,780,539	\$148,386,074	\$151,461,118
Total Disbursements	\$138,064,928	\$129,741,003	\$147,780,539	\$148,386,074	\$151,461,118
Ending Balance	\$153,315,880	\$135,075,127	\$163,204,341	\$86,482,103	\$128,965,223
Management Reserves:					
Operating and Maintenance Reserve ²	\$14,577,147	\$15,161,149	\$15,161,149	\$16,254,000	\$16,254,000
Nitrification Reserve ³	2,500,000	2,500,000	2,500,000	1,667,000	1,667,000
Future Debt Reserve ⁴	9,681,338	7,435,000	7,435,000	4,835,000	4,835,000
Total Reserves	\$26,758,485	\$25,096,149	\$25,096,149	\$22,756,000	\$22,756,000
Unreserved Balance	\$126,557,395	\$109,978,978	\$138,108,192	\$63,726,103	\$106,209,223

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¹ In order to account for revenues in the proper fiscal year, an audit adjustment in the amount of \$219,964 has been reflected as an increase to FY 2000 revenues. The audit adjustment has been included in the FY 2000 Comprehensive Annual Financial Report (CAFR). Details of the FY 2000 audit adjustments have been included in the FY 2001 Third Quarter Review.

² The Operating and Maintenance Reserve was established to provide funding to offset expenses associated with sewer systems emergencies occurring within Fund 401, Sewer Operation and Maintenance.

³The Nitrification Reserve was established to offset expenses occurring in Fund 402, Sewer Construction Improvements, associated with the nitrogen discharge upgrades at the Arlington Wastewater Treatment Plant.

⁴ The Future Debt Reserve was established in anticipation of debt service reserve requirements for future treatment plant issues.